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The Subsidy Cliff Comes Home

What the return of the ACA subsidy cliff means for our region ahead of 2027 open enrollment

Key Points

- **ACA marketplace enrollment fell from 22.1 million to 19.2 million (13%) between February 2025 and February 2026** — the largest drop since ACA marketplaces launched in 2014; KFF projects it could fall further, to roughly 17.5 million, as 2026 continues
- **16.8% average premium increase approved for Connecticut's Access Health CT plans in 2026,** even after state regulators cut carriers' original rate requests
- **$63,840 individual income cliff** (400% of the federal poverty guideline that will govern 2027 coverage)
- **Nearly 500,000 New Yorkers were disenrolled when the state's Essential Plan income cap dropped from 250% to 200% of the federal poverty level on July 1, 2026,** pushing many onto subsidized marketplace plans instead of no-cost coverage

RELATED RESOURCES

KFF: What We Know So Far About 2026 ACA Marketplace Enrollment, Premiums, and Deductibles →

Access Health CT: Federal Changes to Health Coverage (2027 Open Enrollment & State Assistance) →

NY Health Access: NYS Essential Plan Income Limit Reduced to 200% FPL →

Changes Leading to Disruption in Coverage

For five years, enhanced federal premium tax credits removed the ACA's hard income cutoff, phasing subsidies down gradually as income rose. Those enhancements expired January 1, 2026, when Congress declined to extend them as part of the same reconciliation law that reshaped Medicaid and SNAP (H.R.1). Confirmed federal data show the effect: ACA marketplace enrollment fell from 22.1 million to 19.2 million people between February 2025 and February 2026, a 13% drop and the largest since the marketplaces launched in 2014. KFF projects average enrollment could fall further over the course of the year, to roughly 17.5 million, as more enrollees miss premium payments they can no longer afford.

The hard income cliff is also back. For 2027 coverage, marketplaces will apply the 2026 federal poverty guidelines starting in November 2026, putting the 400% federal poverty level (FPL) cutoff at $63,840 for an individual and $132,000 for a family of four. Cross that line by a dollar and a household's entire subsidy disappears at once, with no gradual phase-out.

The impact concentrates in exactly the kind of households common in our region. The National Rural Health Association estimates that 35% of rural workers aren't offered coverage through an employer, and a KFF analysis found that roughly 27% of farmers buy insurance through the ACA marketplace rather than a workplace plan — nearly triple the rate for U.S. adults overall. Before the credits expired, close to 80% of rural marketplace enrollees paid a zero-dollar premium, and an HHS-backed analysis found enhanced subsidies saved rural households an average of $890 in 2024 — 28% more than their urban counterparts, because rural premiums run higher to begin with. Self-employed residents and adults aged 55–64 who aren't yet Medicare-eligible are hit hardest, since their income is often variable and their premiums are the highest in the marketplace.

What This Means for Our Region

Connecticut and New York have responded to the subsidy expiration differently, and our 17-town region sits on both sides of state lines. Connecticut's approved a 16.8% average rate increase for 2026 — down from the 23.3% carriers originally requested. Governor Lamont initially pledged $70 million in state assistance in December 2025; that commitment has since grown to nearly $115 million, extending relief (including a CoveredCT extension) through June 2027. In July 2026, Lamont said he intends to provide similar support for 2027 coverage, though that remains a budget commitment renewed year to year rather than permanent law, and is a live issue in Connecticut's 2026 gubernatorial race. Access Health CT has already confirmed its 2027 open enrollment window: October 23, 2026 through January 15, 2027, earlier than the standard schedule.

New York has taken a narrower approach. Its 1332 waiver funding for additional marketplace cost-sharing reductions is confirmed only through the end of 2026, with no word yet on 2027. Meanwhile, the state's Essential Plan income cap reverted from 250% to 200% FPL on July 1, 2026, disenrolling nearly 500,000 residents from no-cost coverage and pushing many onto subsidized Silver marketplace plans instead — the same Essential Plan disruption we flagged as a risk in our Harlem Valley brief last year, now realized. New York has not yet published its 2027 open enrollment dates, though the state has typically run from mid-November through January 31.

A household earning the same income can face a materially different bill — and different odds that help will still be there next year — depending on which side of the state line they live on. That mismatch is the same cross-border reality our region has long navigated in Medicaid and Essential Plan coverage, now showing up again as marketplace enrollees shop for 2027 plans.

Broader Impact

Income Timing Becomes a High-Stakes Decision: With the gradual phase-out gone, a farmer finishing a strong year or a retiree drawing down savings before Medicare eligibility can lose thousands of dollars in assistance over a single dollar of extra income.

State Relief Is a Year-to-Year Bet, Not a Guarantee: Connecticut's governor has signaled intent to continue premium assistance into 2027, but it requires renewed budget action each year and is contested in this year's gubernatorial race. New York's cost-sharing funding is confirmed only through the end of 2026, with no commitment yet for 2027. Neither state's relief is a permanent program our region's residents can count on.

Self-Employed and Small Business Households Carry More Risk: Our region's farms, trades, and small businesses rely disproportionately on the individual marketplace rather than employer coverage, concentrating the impact of the subsidy expiration locally.

State Lines Still Don't Match Real Life: Just as with Medicaid and the Essential Plan, marketplace rules and state relief programs differ across the Connecticut-New York border that runs through our service area, so otherwise similar households can face very different costs and different odds of continued help.

Recommendations

In order to protect coverage access across our region, state and local partners should:

Fund navigator capacity ahead of each state's enrollment window. Connecticut's 2027 open enrollment begins October 23, 2026 — earlier than usual — while New York's dates aren't yet set. A more complicated subsidy landscape means more residents will need one-on-one help estimating income and avoiding the cliff. Assister programs on both sides of the state line need resources before enrollment opens, not partway through it.

Push for durable, multi-year state relief, not year-to-year pledges. Connecticut's assistance depends on renewed budget action each year and is a live campaign issue in 2026; New York's cost-sharing funding isn't yet confirmed past 2026 at all. Our region's residents need certainty that outlasts a single budget cycle or election.

Target outreach to self-employed and near-retirement households. These groups are disproportionately represented in our region's economy and disproportionately exposed to the subsidy cliff, but are less likely to be reached through employer-based communication channels.

Resources

Federal Policy Analysis

- Center on Budget and Policy Priorities: Nearly 3 Million Fewer People Secured Marketplace Coverage After Republican Health Care Cuts (citing CMS effectuated enrollment data)
- HHS/ASPE: ACA Exchange Enrollment in 2026 (official federal report)
- KFF: What We Know So Far About 2026 ACA Marketplace Enrollment, Premiums, and Deductibles

Connecticut State Analysis

- Access Health CT: Federal Changes to Health Coverage (2027 Open Enrollment & State Assistance)
- CT Mirror: Lamont Pledges to Extend ACA Subsidies. His Gubernatorial Challengers Are Split.

New York State Analysis

- NY Health Access: NYS Essential Plan - Income Limit Reduced to 200% FPL
- HealthInsurance.org: New York Health Insurance Marketplace 2026 ACA Coverage Guide

Rural Health and Farm Economy Research

- National Rural Health Association: The Role of Enhanced Premium Tax Credits in Rural America (Aug. 2025 policy paper)
- HealthInsurance.org: How Can Farmers Get Health Insurance? (citing KFF analysis)

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